

Recent Initiatives

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Initiative 601 – Expenditure & Revenue Limitation

Background

In November 1993, Washington voters approved Initiative 601, which limits spending from the state's General Fund. I-601 also contains certain restrictions on tax and fee increases. The initiative is codified as Chapter 43.135 RCW.

Main Provisions

- Spending limits apply only to state General Fund: The spending limits imposed by I-601 apply only to expenditures from the state General Fund. Transportation-related funds and accounts that do not reside within the state General Fund are not subject to the spending limits. Examples of such funds and accounts include the Motor Vehicle Fund (MVF) and the Transportation Fund (TF).
- State agencies restricted from increasing fees: I-601 provides that fees may not be increased in any fiscal year by a percentage greater than the fiscal growth factor (reflecting population growth and inflation), unless the Legislature specifically authorizes the increase. No distinction is made between transportation-related fees and other government fees. Money charged by state government as penalties, fines, or forfeitures are not restricted by this provision.
- I-601 requires a two-thirds vote of the Legislature for tax increases. The initiative has since been amended by Initiatives 960, 1053, and 1185. Transportation tax increases have not been interpreted to be subject to the 601 two-thirds vote requirement, but are subject to the two-thirds requirement under Initiatives 960, 1053, and 1185.

To date, the only case involving the application of I-601 to transportation-related funds and accounts is Western Petroleum Importers v. Friedt. This case upheld the Legislature's action to revoke a tax break given to producers of gasohol. However, this case examined a specific voter-approval section of I-601 that expired in 1995.

Initiative 695 – MVET Repeal and Tax Restrictions

Background

In November 1998, Washington voters passed Referendum 49 restructuring the statewide Motor Vehicle Excise Tax (MVET). Two of the main effects of Referendum 49 were to: (1) reduce taxes by changing the depreciation schedule; and (2) redirect 39.5% of MVET revenues from the state General Fund to the motor vehicle fund. The referendum also authorized \$1.9 billion in fuel tax bonds for transportation projects and programs.

Main Provisions

The voters passed Initiative 695 (I-695) on November 2, 1999, repealing the MVET and nullifying many of the provisions of Referendum 49.

Subsequent Actions

The constitutionality of I-695 was challenged and brought before King County Superior Court. On March 14, 2000, the court ruled that the I-695, in its entirety, was unconstitutional.

In response to the court action, on March 22, 2000, the Legislature passed SB 6865 reinstating many of the provisions of the initiative (Chapter 1, 1st Special Session, Laws of 2000). The State Supreme Court affirmed the Superior Court decision on October 26, 2000.

SB 6865 repealed the remaining state MVET, the state travel trailer and camper excise tax, and the state clean air excise tax in their entirety. It also increased the annual vehicle registration fee (license tab fee) to \$30 for passenger cars, cabs, motor homes, motorcycles, and tow trucks.

In the aggregate, it is estimated that I-695 reduced motor vehicle taxes and fees by as much as \$1.1 billion in the 1999-01 Biennium and up to \$1.7 billion in the 2001-03 Biennium. On an annual basis, I-695 reduced taxes and fees by an average of \$142 per registered vehicle. Of this loss in revenue, approximately 45% would typically have gone to state government, 24% to local government, and 31% to local transit districts.

Initiative 776 – High Capacity MVET Repeal and Local Tax Restrictions

Background

I-776 was passed by the voters on November 5, 2002.

Main Provisions

- State combined license fee for light trucks: The combined license fee schedule contained in RCW 46.16.070 was amended so that trucks with a Declared Gross Weight of 8,000 pounds or less pay a combined license fee of \$30.
- High Capacity Transportation MVET: The authority of a Regional Transit Authority (RTA), and certain other eligible transit districts, to levy a voter-approved, high capacity transportation MVET was repealed.
- Local option vehicle license fee: The statute authorizing a county or a qualified city or town to impose a voter-approved vehicle license fee of up to \$15 per year was repealed. The following four counties had imposed the fee: Douglas; King; Pierce; and Snohomish Counties.

Subsequent Actions

Prior to I-776's effective date, a legal action was filed against the state challenging the Initiative's constitutionality. This legal challenge, and other court decisions that came later, required the Department of Licensing to continue collecting the local option fees on behalf of the local jurisdictions that had imposed the fees. Douglas and Snohomish Counties chose not to join the law suit and stopped imposing the local option vehicle fee after the effective date of the Initiative.

In October 2003, the Washington State Supreme Court issued a decision holding that I-776 did not violate the Washington Constitution. Shortly after, all state and local fees were changed to comply with the Initiative. State and local governments were ordered to refund the gross weight fees and local option vehicle fees that had continued to be collected while the suit was pending. The fees were refunded in October of 2004.

I-776 repealed the MVET for RTAs (i.e., Sound Transit). However, Sound Transit had issued bonds in 1999 pledging the MVET revenue as security. In 2006, the Washington State Supreme Court upheld Sound Transit's authority to continue collecting the MVET until the bonds are paid off. The court finding was based on Article I, section 23 of the Washington Constitution relating to impairment of contracts.

Initiative 960—Tax and Fee Increases Imposed by State Government

Background

Initiative 960 was approved by the voters on November 6, 2007.

Major Provisions

Tax increases—The Initiative declares that legislative actions that "raise taxes" require a two-thirds vote of each legislative chamber, and states that tax increases may be referred to the voters for their approval or rejection.

The Initiative defined the phrase "raises taxes" to mean any action or combination of actions by the Legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund (see RCW 43.135.034(1)(b)).

In addition, an advisory vote of the people is required on legislative actions that raise taxes if the legislative action is "blocked from a public vote" or is not referred to the people through referendum or initiative.

Fee increases--The Initiative requires prior legislative approval of fees, both when imposing new fees or increasing existing fees, regardless of whether the fee increase exceeds the fiscal growth factor. A simple majority vote in each Legislative chamber is required to authorize fee increases.

Public information on tax and fee increases—The Initiative specifies requirements and processes for the Office of Financial Management to publicize a ten-year cost projection and legislators' votes on any bill raising taxes or fees.

Subsequent Changes

The tax increase provisions of Initiative 960 were temporarily suspended during the 2010 Legislative session.

For more background on Initiative 960 see: [Senate Committee Services Initiative 960 Summary](#)

Initiative 1053—Tax and Fee Increases Imposed by State Government

Background

Initiative 1053 was approved by the voters on November 2, 2010.

Major Provisions

Initiative 1053 reinstates the statutory requirement that any action or combination of actions by the legislature that raises state taxes must be approved by either a two-thirds vote in both houses of the legislature or approved in a referendum to the people.

The Initiative also restates that new or increased state fees must be approved by a majority vote in both houses of the Legislature.

Subsequent Changes

In May 2012 King County Superior Court ruled that the 2/3 tax vote requirement was invalid. The ruling has been appealed to the state Supreme Court.

For more background on Initiative 1053 see: [House Office of Program Research Initiative Summary 1053](#)

Initiative 1185—Tax and Fee Increases Imposed by State Government

Background

Initiative 1185 was approved by the voters on November 6, 2012.

Major Provisions

Initiative 1185 reinstates the statutory requirement that any action or combination of actions by the legislature that raises state taxes must be approved by either a two-thirds vote in both houses of the legislature or approved in a referendum to the people.

The Initiative also restates that new or increased state fees must be approved by a majority vote in both houses of the Legislature.

For more background on I-1185 see: [House Office of Program Research Initiative 1185 Summary](#)

